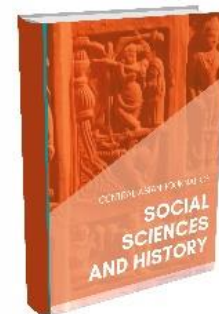




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## Legal Basis of Tax Policy in the Bukhara People's Soviet Republic

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### Abstract:

After the formation of the Bukhara People's Soviet Republic, the difficult economic situation and the rise in taxes and its causes are analyzed. The legal basis of the tax system, types of taxes and their changes, exemption of residents of Eastern Bukhara from certain types of taxes and their reasons were also studied.

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After the declaration of the Bukhara People's Soviet Republic (BPSR), the economic and social situation in it was in a deplorable state. The first two years of BPSR were extremely difficult economically\*. It required a lot of money to build a new government and carry out reforms. During this period, the population faced severe difficulties†. During this period, the main expenses were covered by the issue‡. The population was economically helpless and had a low standard of living. The struggle against Soviet power in the territory of the BPSR and the efforts of the Red Army to suppress it led to the complete decline of the national economy in the republic and the reduction of arable land§. The maintenance of the state apparatus and the army required a lot of money. However, the devaluation of money had a strong impact on the economic situation\*\*.

\* National archive of Uzbekistan (NA Uzbekistan), f. R-72, op. 1, d. 12, l. 110.

† NA Uzbekistan, f. R-72, op. 1, d. 12, l. 111.

‡ See: NA Uzbekistan, f. R-72, op. 1, d. 12, l. 111-114.

§ История Бухарской Народной Советской Республики (1920-1924 гг.). Сборник документов. Тошкент: Фан, 1976. С. 120.

\*\* История Бухарской Народной Советской Республики (1920-1924 гг.). С. 122.

It can be observed that the amount and types of taxes increased during the period of existence of BPSR. This is based on the following factors. First, Russia had to suppress actions on 3 military fronts at the same time. They were: ending the civil war in Russia, repelling military intervention against Russia, and suppressing the national liberation movements that had begun in the territories of the former empire. First of all, carrying out military operations required a lot of money. Reimbursement of these funds was a heavy burden for the BPSR as well as for the republics that were part of the RSFSR. Secondly, a large-scale struggle against Soviet power was carried out on the territory of the BPSR. The Soviet authorities tried to strengthen the material and military support of the Red Army in order to suppress the struggles in the BPSR, and this caused heavy taxes to be imposed on the population of the republic. Thirdly, the provision of the population, who were transferred to the BPSR due to famine from Russia and other republics that were part of it, had a direct impact on the scale of taxes.

**Tax types.** In the BPSR, the types of taxes changed depending on the political and economic situation. From October 11, 1920, there were taxes such as ushur (1/10 of the harvest), zakat (from trade and industry), livestock zakat. Officially, from October 11, 1920 to September 1921, there was a policy of "Food distribution (razvyortska)". However, this policy was actually continued until the end of 1921. Also, in Eastern Bukhara until April 12, 1921, the property, khiroj, tanho, kafsan and other taxes that existed during the Emirate period were preserved.

In addition, with the adoption of the Law "On State Tax" on November 26, 1921, 5: 1) ushur; 2) zakat-savaim; 3) trade tax; 4) customs tax; 5) coat of arms tax and fees of local importance: weight, kayut (kayak fee) [pass or ferry] levy and various income payments were left in force.

Since January 1, 1923, there are 7 taxes and fees in the republic: 1) ushur, 2) zakat-savaim, 3) trade and industrial (patent) tax; 4) income tax; 5) land-water tax; 6) hospital fee (sick leave); 7) coat of arms (stamp) tax; 8) the practice of collecting communal (or city) taxes began<sup>††</sup>. This evidence shows that taxes in BPSR have increased over the years.

**Legal basis.** The Central Tax Administration under the Ministry of Finance, the Bukhara Economic Council, and the Extraordinary Dictatorship Commission were considered the bodies implementing economic policy in the USSR.

The constitution of the BPSR, the Central Revolutionary Committee, the Central Executive Committee and the Council of People's Supervisors<sup>††</sup>, the decisions of the Bukhara Economic Council<sup>§§</sup>, the Extraordinary Dictatorship Commission<sup>\*\*\*</sup>, and the program of the Communist Party of Bukhara<sup>†††</sup>

<sup>††</sup> История Бухарской Народной Советской Республики (1920-1924 гг.). С. 367-368.

<sup>††</sup> On September 30, 1920 "On Land", on October 11, 1920 "On Food Distribution", Decision on the budget of 1923/1924, Law on State Tax on November 26, 1921, Decision No. 57/25 on State Industrial Tax on June 29, 1924, etc. were adopted. See: История Бухарской Народной Советской Республики (1920-1924 гг.). С. 285, 347-349; 359-360; NA Uzbekistan, f. R-72, op. 1, d. 12, l. 111-114; NA Uzbekistan, f. R-1, op. 1, d. 217, l. 564-568.

<sup>§§</sup> Decision № 3687 dated November 17, 1924 provided information on the taxes collected from the population in the economic year 1923/24 and the problems therein, as well as plans for the economic year 1924/25. See: NA Uzbekistan, f. R-72, op. 1, d. 12, l. 182-185.

<sup>\*\*\*</sup> On April 12, 1921, Decision No. 1 of the Extraordinary Dictatorship Commission was adopted on the abolition of amir taxes and duties in Eastern Bukhara. See: История Бухарской Народной Советской Республики (1920-1924 гг.). С.

form the legal basis of the tax policy in the republic.

Article 73 of both constitutions of BPSR stipulates that local needs will be covered by the funds received from taxes and fees<sup>†††</sup>. Also, another issue defined in Article 45 of the constitution was to control the collection of state taxes and the timely and correct fulfillment of all obligations of local authorities<sup>§§§</sup>.

The initial legal basis of the tax system in the BPSR was published by the Provisional Revolutionary Committee on September 2, 1920, in the manifesto "On the victory of the revolution and the main tasks". According to it, the *khiroj*, *aminona* and other taxes during the emirate period were abolished<sup>\*\*\*\*</sup>. On September 30, 1920, the decision of the All-Bukhara Central Revolutionary Committee "On Land" exempted the population from taxes, property taxes and other taxes<sup>††††</sup>.

However, on October 11, 1920, a decision was made to restore some of the old taxes. According to it, 3 types of taxes were introduced:

1. Ushur - received at the expense of 1/10 of the harvest;
2. Zakat - trade and industrial enterprises collected at the rate of 1/40 from leased institutions;
3. Livestock zakat - a tax on livestock, i.e. 1 head of sheep for 35 small livestock and 5 horses, and 1 soum for each head of ox<sup>††††</sup>.

Although many taxes were abolished by the Bukhara government in September 1920, the previous taxes were restored within ten days. First, in this case, a person who is not familiar with both decisions, this process leads to the wrong conclusion that the taxes in BPSR are void. Second, taxes were never completely abolished in the BPSR. Article 73 of the constitution of this republic stipulates that local needs shall be covered by the funds received from taxes and fees<sup>§§§§</sup>. So how can the population of the republic not be taxed when there is no other source to cover the needs. Thirdly, due to the lack of detailed analysis of aspects related to economic processes and the tax system, some researchers have wrongly concluded that taxes were not collected or little collected in the first two years of the BPSR. Fourthly, it should be noted that since the first months of looting of the emirate by the red soldiers, the situation was aggravated by the imposition of various duties on the population in addition to taxes. For example, they were forced to send many products to the people of Moscow and to the military fronts, supposedly as an expression of "love and care" and gifts from Bukharans to other peoples. For example, the minutes of the meeting of the Council of People's Supervisors of the BPSR on October 2, 1920 stated: "Let it be considered necessary to send gifts to the workers of Moscow and the soldiers of

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<sup>†††</sup> On December 15-20, 1921, the program of the Communist Party of Bukhara was adopted. See: История Бухарской Народной Советской Республики (1920-1924 гг.). С. 113.

<sup>†††</sup> Советские конституции. Хрестоматия. В 4 частях. Часть 1. Первые советские республики, 1918-1922 гг. Сост. Д.В. Кузнецов. – Благовещенск: Благовещенский государственный педагогический университет, 2015. С. 119, 126.

<sup>§§§</sup> Советские конституции. Хрестоматия. В 4 частях. Часть 1. С. 117, 124.

<sup>\*\*\*\*</sup> История Бухарской Народной Советской Республики (1920-1924 гг.). С. 37.

<sup>††††</sup> История Бухарской Народной Советской Республики (1920-1924 гг.). С. 285. Жунаев З. Бухоро Халқ Совет Республикасидаги ижтимоий, иқтисодий ва маданий муносабатлар (1920–1924 йй.). Doctor of Philosophy (PhD) dissertation in history. –Бухоро, 2022. –Б. 18.

<sup>††††</sup> Рашидов У. Бухоро Халқ Республикаси (1920-1924 йиллар). – Бухоро: "Бухоро", 2003. Б. 56-58; Рашидов У., Рашидов Ў. Бухоронинг Россия билан иқтисодий ва сиёсий муносабатлари тарихидан (1900-1925). –Бухоро: "Бухоро", 2013. Б. 110-112.

<sup>§§§§</sup> Советские конституции. Хрестоматия. В 4 частях. Часть 1. С. 119, 126.

the military fronts by the Bukharans as an expression of love and care for the people. Two wagons of wheat, a wagon of apricots, a wagon of raisins should be sent to Moscow, and four wagons of wheat, two wagons of apricots, and two wagons of raisins should be sent to the Western Front<sup>\*\*\*\*\*</sup>. The document states that a total of six wagons of wheat, three wagons of apricots, and three wagons of raisins will be sent. The fact that the people of Bukhara, robbed by the Red Army, sent so much to Moscow in order to "show affection" actually had a negative effect on the state of the people.

Also, another complex aspect in the tax policy of the BPSR was the introduction of food distribution. This also had a negative impact on the economic situation of the population in the first two years of the republic. On October 11, 1920, Resolution 5 of the Central Revolutionary Committee of the BPSR on "Food Distribution" was adopted<sup>†††††</sup>. This decision is based on the fact that it was introduced in order to provide food to the population and troops. According to the decision, food distribution will be introduced for the following wheat, corns, barley, alfalfa and raisins. The total amount of food distribution in the republic except for Eastern Bukhara is determined by crops and the following sizes: wheat - 1908 thousand pounds, barley - 852 thousand pounds, corns - 321 thousand pounds, alfalfa - 338 thousand pounds, raisins - 160 thousand pounds. The amount of food planned to be received by regions and individual settlements is determined.

During the implementation of food distribution, the price of products was determined depending on the economic situation of the regions. For example, the price for grain was from 268 to 300 rubles, for barley from 150 to 160 rubles, for corns from 190 to 180 rubles, for alfalfa from 100 to 150 rubles. Also, regional revolutionary committees and their subordinates and village elders were responsible for issues such as determining the amount of food distribution, determining the amount of food allocated for each farm in the villages. The food inspectorate sells various goods at a fixed price equal to half of the cost of the delivered product from the villages, and the remaining half of the cost of the delivered product is paid in cash. At the same time, goods are sold at a 30 percent discount on the state price in exchange for the delivered product. The food inspectorate sells various goods at a fixed price equal to half of the cost of the delivered product from the villages, and the remaining half of the cost of the delivered product is paid in cash. At the same time, goods are sold at a 30 percent discount on the state price in exchange for the delivered product<sup>†††††</sup>. In the decision, the amir taxes and duties of property, khiroj, tanho, kafsan and similar were abolished. Those who disobey this order will be brought to trial by the Supreme Military Revolutionary Tribunal<sup>§§§§§</sup>. Several opinions can be put forward regarding this decision of the Extraordinary Dictatorship Commission. First, the taxes during the emir period had been abolished twice before this decision<sup>\*\*\*\*\*</sup>. Second, in Eastern Bukhara, Soviet power existed only "symbolically". In practice, this area was the main center of the struggle against the red army and was in the hands of the leading commanders Anwar Pasha and Ibrahimbek. The main purpose of the decision was to deprive the participants of the struggle against the Soviet government of material

\*\*\*\*\* История Бухарской Народной Советской Республики (1920-1924 гг.). С. 193-194.

††††† История Бухарской Народной Советской Республики (1920-1924 гг.). С. 347-349.

††††† At that time, the Extraordinary Autonomous Representative of the Bukhara People's Soviet Republic in Eastern Bukhara was Usmonkhoja (Polathojaev).

§§§§§ История Бухарской Народной Советской Республики (1920-1924 гг.). С. 298.

\*\*\*\*\* See: История Бухарской Народной Советской Республики (1920-1924 гг.). С. 37, 285.

support. Because in the territories they hold in their hands, the order and rules of the Emirate period were preserved. Also, by this decision, it was planned to punish the people who supported the commanders by the High Military Revolutionary Tribunal.

In September 1921, after the Second All-Bukhara Armistice, the republic switched to a new economic policy. Food distribution (*razvyortska*) was replaced by food tax. As a result of the tax transition, 1843336 poods of food were collected in 1921, and their total price was 1450626 soums. Additionally, 12,430 head of oxen were collected for food tax on account of zakat, the value of which was 153,478 soums. Most of the taxes were used to support the red army. 1,855,048 pounds of grain were collected under the food tax of 1922. 11,240 oxen were collected for zakat. When the rule of the red army increased in Eastern Bukhara, it brutally robbed the people. In addition to the food tax, there was also a money tax.

After the establishment of Soviet power in Bukhara, various sources of income were invented. Even the poor were taxed. Nevertheless, the relative value of income received in cash and in kind was low. The misallocation of public expenditure also aggravated the financial situation. An analysis of the budget distribution until mid-1921 shows that 10.4% of funds were allocated to the army and militia, and only 0.8% to agricultural development<sup>+++++</sup>. It was very sad that even 1% of the budget was not allocated to agriculture, although a large part of the economy is made up of it. These factors, in turn, had a strong influence on the disruption of the republic's economy.

The Law "On State Tax" adopted by the All-Bukhara Central Executive Committee (CEC) on November 26, 1921 also determined the legal basis of tax policy in the BPSR. This law defined the administrative bodies implementing the tax policy in BPSR, their tasks and revenue collection mechanisms. Also, due to the lack of a legal basis for 5 local levies other than taxes, it was decided to continue these levies as they are in force until their new procedures are developed.

According to the law, all types of tax revenues in kind and cash are accounted for by the People's Finance Control, which is the representative of its tax administration, and collected in its central and local bodies. The Central Tax Department of the Finance Inspectorate unites and manages the activities of all institutions that collect taxes in kind and in cash. The Ushur Commission was merged into the Tax Department. Based on this law, the following types of tax revenues were determined:

- a) taxes in kind: ushur and zakat-savaim;
- b) sales tax collected from certain types of trade and industry (*promyslovy nalog*);
- c) customs tax on the value of goods imported and exported across the borders of the USSR;
- d) fees collected from various types of acts, transactions, documents, etc.

It is also stipulated that the following levies of local importance shall remain in force until special decisions are taken. These were fees from weight, *kayuta* (kayak fee) [pass or ferry tax] and income from rented commercial and residential buildings<sup>+++++</sup>.

<sup>+++++</sup> Рашидов У. Бухоро Халқ Республикаси (1920-1924 йиллар). Б. 56-58; Рашидов У., Рашидов Ў. Бухоронинг Россия билан иқтисодий ва сиёсий муносабатлари тарихидан (1900-1925). Б. 110-112.

<sup>+++++</sup> История Бухарской Народной Советской Республики (1920-1924 гг.). С. 359-360.

In addition, on December 24, 1921, at the 2nd session of the All-Bukhara Central Executive Committee (CEC), a 5-point decision was made to give land to landless peasants and to peasants with little land. Two clauses of this decision were directly related to tax policy. The decision was stated that all the identified lands of the former emir and the lands seized from his officials would be distributed among the needy and poor peasants, that nothing would be collected from the peasants who received the land in the form of a general tax in kind, and if there were lands that had not yet been appropriated among the peasants, then tax would not be collected for three years<sup>§§§§§§</sup>.

Also, on December 23, 1922, a joint meeting of the All-Bukhara Central Executive Committee (CEC) and the Council of People's Ministers of the BPSR aimed at improving the political and economic situation in Eastern Bukhara was held. According to the minutes of the meeting, the issue of giving some opportunities regarding taxes was discussed in Eastern Bukhara. At this joint meeting, Faizulla Khojaev informed the participants about the situation with his speech entitled "General political situation in the Republic". At that time, the situation was extremely difficult and complicated, as the struggle against the Soviet power was going on in Eastern Bukhara. After that, according to the political situation in Eastern Bukhara, the following decision was made:

- a) considers it necessary to cancel all types of local and general state taxes except ushur and zakat-savaim taxes;
- b) the tax administration should be instructed not to introduce new taxes while properly observing the collection of taxes from Eastern Bukhara. According to the decision, the Dictatorship Commission is set to collect 100 percent of the tax in kind and hand it over to the state within one month<sup>\*\*\*\*\*</sup>.

Also, on December 27, 1922, the decision of the Presidium of the All-Bukhara CEC "On the entry into force of the new system of state taxes" led to some legal changes in the tax policy. In order to fulfill the decision of the 2nd session of the All-Bukhara CEC, from January 1, 1923, all types of old taxes except ushur and zakat-savaim were canceled. Instead of taxes, others were introduced. They consisted of: 1) trade and industrial (patent) tax; 2) income tax - 5% (from trade and industrial enterprises); 3) land-water tax - 15 kopecks (gold) per body; 4) hospital fee (sick leave) - 50 kopecks (gold) per family; 5) coat of arms (stamp) tax<sup>††††††</sup>; 6) communal (or city) tax - for income from buildings, baths, caravanserais, vehicles, etc., property, value or capital value was established in the amount of 1/40<sup>††††††</sup>. Then, in 1923 in the BPSR, it officially increased to 8 with ushur and zakat-savaim and 6 newly introduced taxes.

The decision of the All-Bukhara CEC and the Soviet People's Inspectorate of June 29, 1924 No. 57/25 "On State Industrial (Trade) Tax" serves as the legal basis for the tax policy of the BPSR. According to it:

- the state sales tax is collected from industrial enterprises and institutions, as well as from individual handicrafts and types of handicrafts listed in a separate list;

<sup>§§§§§§</sup> История Бухарской Народной Советской Республики (1920-1924 гг.). С. 305-306.

<sup>\*\*\*\*\*</sup> История Бухарской Народной Советской Республики (1920-1924 гг.). С. 264.

<sup>††††††</sup> История Бухарской Народной Советской Республики (1920-1924 гг.). С. 367-368.

<sup>††††††</sup> История Бухарской и Хорезмской Народных Советских Республик. – Москва: Наука, 1971. С. 186.



- this tax applied to the entire territory of the BPSR;
- trade tax consisted of patent and equalization (income) payments. The value of selected patents for enterprises shall be included in the equalization fee payment for the same six months;
- the patent fee is collected in advance for half a year, but in some cases, three-month and one-month patents can be specified;
- persons who have received the relevant patents are granted the right to operate during the validity period<sup>§§§§§§§§</sup>;
- the rates of the patent duty are determined according to the categories and items, and payments were made based on this;
- equalization fee in the amount of wages determined by the tax commissions is collected for every six months by calculating their turnover;
- cooperative and artel enterprises are taxed 50% less than state and private enterprises<sup>\*\*\*\*\*</sup>;
- direct control of the implementation of sales tax regulations and its collection is assigned to financial inspectors with the support of tax commissions and financial agents;
- to calculate the equalization fee in each village, a tax commission is formed under the chairmanship of the financial inspector, consisting of: a chairman from the trade union, a chairman of the executive committee, two members appointed by the local government.
- complaints of taxpayers are considered in the special tax commissions of villages, which are chaired by the chairman of the executive committee or his deputy: the head of the finance department, the local finance inspector and the representative of the state control;
- submitted to the Council of People's Ministers on the issue of tax exemption or reduced taxation for certain categories of enterprises<sup>††††††††</sup>.

So, it is necessary to change the approaches to the tax policy in BPSR. In most of the studies conducted in the years of Soviet and independence and in the CIS, it was found that the conclusions that "tax-free country", "taxes were not collected", "great concessions were given in the tax policy" were not correct. Because BPSR shows that the legal basis of tax policy is opposite to the above points.

In addition, injustices such as misclassification of objects, re-taxation and corruption in tax policy are very widespread. Despite the difficult economic situation in the republic, it was forced to pay the prescribed taxes, fees and obligations. Punishment measures such as confiscation of property, deprivation of political rights, imprisonment and exile were applied to those who opposed the tax policy and were unable to pay it.

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<sup>§§§§§§§§</sup> NA Uzbekistan, f. R-1, op. 1, d. 217, l. 564.

<sup>\*\*\*\*\*</sup> NA Uzbekistan, f. R-1, op. 1, d. 217, l. 565 (b).

<sup>††††††††</sup> NA Uzbekistan, f. R-1, op. 1, d. 217, l. 565.